

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2012**

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHOOL OFFICIALS**  
**JUNE 30, 2012**

---

**Board Members:**

Bingo Kindt  
Gilbert Mickelson  
Jason Dienert  
Todd Wagner  
Eric Stroeder

**Superintendent:**

Tim Frederick

**Business Manager:**

Christi Schaeffbauer

# MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6

## TABLE OF CONTENTS

---

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government</u> <u>Auditing Standards</u>	1 - 2
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	3 - 4
Schedule of Prior Audit Findings and Questioned Costs	5
Schedule of Current Audit Findings and Questioned Costs	6 - 8
Independent Auditors' Report	9 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of June 30, 2012:	
Statement of Net Assets	11
Year Ended June 30, 2012:	
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
As of June 30, 2012:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Year Ended June 30, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds:	
As of June 30, 2012:	
Balance Sheet	17

# **MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**

## **TABLE OF CONTENTS (Continued)**

---

	<u>Page</u>
Year Ended June 30, 2012:	
Statement of Revenues, Expenses and Changes in Fund Net Assets	18
Statement of Cash Flows	19
Fiduciary Funds:	
As of June 30, 2012:	
Statement of Fiduciary Net Assets	20
Year Ended June 30, 2012:	
Statement of Changes in Fiduciary Net Assets	21
Notes to the Financial Statements	22 - 37
Required Supplementary Information Other Than MD&A:	
Budgetary Comparison Schedule - General Fund - Budgetary Basis	38
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis	39
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis	40
Budgetary Comparison Schedule - Pension Fund - Budgetary Basis	41
Notes to Required Supplementary Information - Budgetary Comparison Schedules	42
Schedule of Funding Progress	43
Supplementary Information:	
Schedule of Expenditures of Federal Awards	44

# KOHLMAN, BIRSCHBACH & ANDERSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

WILLIAM J BACHMEIER, CPA  
DAVID S ANDERSON, CPA  
ROSEMARY MUELLER, CPA  
ROY R FAUTH, CPA

PROFESSIONAL BUILDING  
210 EAST GRAND CROSSING • PO BOX 460  
MOBRIDGE, SOUTH DAKOTA 57601  
605-845-3658 • 605-845-3754 (FAX)  
Email: kba@westriv.com

WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board  
Mobridge-Pollock School District No. 62-6  
Mobridge, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, South Dakota (School District), as of June 30, 2012, and for the year then ended, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2012-01 through 2012-03 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Mobridge-Pollock School District's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to management of the School District in a separate communication dated January 23, 2013.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Mobridge-Pollock School District No. 62-6, South Dakota, and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §.320, this report is a matter of public record and its distribution is not limited.

*Kahlem, Benish & Arden, P.C.*

January 23, 2013

**KOHLMAN, BIRSCHBACH & ANDERSON, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

WILLIAM J BACHMEIER, CPA  
DAVID S ANDERSON, CPA  
ROSEMARY MUELLER, CPA  
ROY R FAUTH, CPA

PROFESSIONAL BUILDING  
210 EAST GRAND CROSSING • PO Box 460  
MOBRIDGE, SOUTH DAKOTA 57601  
605-845-3658 • 605-845-3754 (FAX)  
Email: kba@westriv.com

WITH OFFICES IN  
LEMMON, SOUTH DAKOTA  
MILLER, SOUTH DAKOTA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

School Board  
Mobridge-Pollock School District No. 62-6  
Mobridge, South Dakota

Compliance

We have audited the Mobridge-Pollock School District No. 62-6, South Dakota (School District), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Mobridge-Pollock School District No. 62-6, South Dakota, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Mobridge-Pollock School District No. 62-6, South Dakota, and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §\_320, this report is a matter of public record and its distribution is not limited.

*Kahlman, Benishel & Anderson, LLP*

January 23, 2013



**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

---

**PRIOR OTHER AUDIT FINDINGS:**

2011-01

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner. This finding has not been corrected and is restated as current other audit finding 2012-01.

2011-02

No internal control system designed to provide for the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). This comment has not been corrected and is restated as current other audit finding 2012-02.

2011-03

No internal control structure to provide for the recording of all necessary material adjustments. This comment has not been corrected and is restated as current other audit finding 2012-03.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

---

**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:**

**Financial Statements:**

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2012-01 through 2012-03.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards:**

- d. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs were:
  - a. Impact Aid – School Construction Formula Grants, Recovery Act #84.404
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- h. Mobridge-Pollock School District No. 62-6, South Dakota, did not qualify as a low-risk entity.

**CURRENT FEDERAL AUDIT FINDINGS:**

There are no written current federal compliance audit findings to report.

**CURRENT OTHER AUDIT FINDINGS:**

**Internal Control-Related Findings - Material Weaknesses:**

2012-01

**Criteria**

Internal control can help the School District achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the School District complies with laws and regulations.

**Condition Found**

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, payables, inventories, trust and agency, capital assets, and equity, which could result in errors not being found in a timely manner.

**Effect**

The School District has a limited number of employees who prepare all records for cash, revenues, receivables, payables, inventories, trust and agency, capital assets, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

**Recommendation**

We recommend the School Board take a more active role in their oversight of cash, revenues, receivables, payables, inventories, trust and agency, capital assets, and equity.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**  
**(Continued)**

---

**Corrective Action Plan**

The School District has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, revenues, receivables, payables, inventories, trust and agency, capital assets, and equity and accepts the risks involved. The Board is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The Board President, Bingo Kindt, is responsible for the corrective action plan for this finding.

2012-02

**Criteria**

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition Found**

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

**Effect**

This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

**Recommendation**

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Corrective Action Plan**

Both management and the School Board have been informed of this condition and are confident that the information is accurate and are willing to accept this risk. The Board President, Bingo Kindt, is responsible for the corrective action plan for this finding.

2012-03

**Criteria**

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

**Condition Found**

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**  
**(Continued)**

---

**Effect**

This condition may affect the School District's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

**Recommendation**

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Corrective Action Plan**

Both the management and the School Board accept the risks associated with this deficiency. The Board is aware of the problem and will attempt to provide compensating controls wherever and whenever possible and practical. The contact person for this finding is Bingo Kindt, Board President.

**Closing Conference**

The contents of this report were discussed with Bingo Kindt, Board President, Eric Stroeder, Board Member, Kim Schneider, Incoming Business Manager, and Tim Frederick, Superintendent, on October 5, 2012.

**KOHLMAN, BIERSCHBACH & ANDERSON, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**PARTNERS**

**WILLIAM J BACHMEIER, CPA**  
**DAVID S ANDERSON, CPA**  
**ROSEMARY MUELLER, CPA**  
**ROY R FAUTH, CPA**

PROFESSIONAL BUILDING  
210 EAST GRAND CROSSING • PO Box 460  
MOBRIDGE, SOUTH DAKOTA 57601  
605-845-3658 • 605-845-3754 (FAX)  
Email: kba@westriv.com

**WITH OFFICES IN**  
**LEMMON, SOUTH DAKOTA**  
**MILLER, SOUTH DAKOTA**

**INDEPENDENT AUDITORS' REPORT**

**School Board**  
**Mobridge-Pollock School District No. 62-6**  
**Mobridge, South Dakota**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, South Dakota (School District), as of June 30, 2012, and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mobridge-Pollock School District No. 62-6, South Dakota, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and the Schedule of Funding Progress on pages 38 through 42 and page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic and historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Kohlen, Benishah & Anderson, LLP*

January 23, 2013

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6****STATEMENT OF NET ASSETS****JUNE 30, 2012**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,080,954	\$ 53,260	\$ 2,134,214
Investments	250,000	-	250,000
Taxes receivable	919,050	-	919,050
Inventories	-	14,714	14,714
Other assets	154,106	21,025	175,131
Capital Assets:			
Land, improvements and construction in progress	117,377	-	117,377
Other capital assets, net of depreciation	15,418,605	44,591	15,463,196
<b>TOTAL ASSETS</b>	<b><u>\$ 18,940,092</u></b>	<b><u>\$ 133,590</u></b>	<b><u>\$ 19,073,682</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 84,514	\$ 3,346	\$ 87,860
Other current liabilities	370,988	6,693	377,681
Deferred revenue	871,403	4,634	876,037
Noncurrent Liabilities:			
Due within one year	60,970	-	60,970
Due in more than one year	281,859	-	281,859
<b>TOTAL LIABILITIES</b>	<b><u>1,669,734</u></b>	<b><u>14,673</u></b>	<b><u>1,684,407</u></b>
<b>NET ASSETS:</b>			
Invested in capital assets	15,535,982	44,591	15,580,573
Restricted for:			
Capital outlay purposes	490,433	-	490,433
Special education purposes	335,817	-	335,817
Pension purposes	18,646	-	18,646
Unrestricted	889,480	74,326	963,806
<b>TOTAL NET ASSETS</b>	<b><u>17,270,358</u></b>	<b><u>118,917</u></b>	<b><u>17,389,275</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 18,940,092</u></b>	<b><u>\$ 133,590</u></b>	<b><u>\$ 19,073,682</u></b>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$ 3,046,751	\$ -	\$ 984,685	\$ -	\$ (2,062,066)	\$ -	\$ (2,062,066)
Support services	1,687,174	70,410	-	1,323,180	(293,584)	-	(293,584)
Nonprogrammed charges	78,584	-	-	-	(78,584)	-	(78,584)
Cocurricular activities	<u>282,302</u>	<u>38,859</u>	<u>-</u>	<u>-</u>	<u>(243,443)</u>	<u>-</u>	<u>(243,443)</u>
Total Governmental Activities	<u>5,094,811</u>	<u>109,269</u>	<u>984,685</u>	<u>1,323,180</u>	<u>(2,677,677)</u>	<u>-</u>	<u>(2,677,677)</u>
Business-Type Activities:							
Food service	<u>433,600</u>	<u>189,738</u>	<u>239,176</u>	<u>-</u>	<u>-</u>	<u>(4,686)</u>	<u>(4,686)</u>
Total Primary Government	<u>\$ 5,528,411</u>	<u>\$ 299,007</u>	<u>\$ 1,223,861</u>	<u>\$ 1,323,180</u>	<u>(2,677,677)</u>	<u>(4,686)</u>	<u>(2,682,363)</u>
General Revenues:							
Taxes:							
Property taxes					1,804,062	-	1,804,062
Gross receipts taxes					144,427	-	144,427
Revenue from State Sources:							
State aid					2,502,634	-	2,502,634
Revenue from Federal Sources					41,739	-	41,739
Unrestricted Investment Earnings					8,230	-	8,230
Other General Revenues					155,509	-	155,509
Transfers					<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
Total General Revenues and Transfers					<u>4,641,601</u>	<u>15,000</u>	<u>4,656,601</u>
Change In Net Assets					1,963,924	10,314	1,974,238
Net Assets - Beginning					<u>15,306,434</u>	<u>108,603</u>	<u>15,415,037</u>
Net Assets - Ending					<u>\$17,270,358</u>	<u>\$ 118,917</u>	<u>\$17,389,275</u>

The notes to the financial statements are an integral part of this statement.



**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,172,199	\$ 511,688	\$ 375,845	\$ 19,795	\$ 2,079,527
Investments	250,000	-	-	-	250,000
Taxes receivable - current	523,258	222,038	103,898	22,208	871,402
Taxes receivable - delinquent	31,272	10,386	4,936	1,054	47,648
Due from Trust & Agency Fund	1,236	-	-	-	1,236
Due from federal government	136,690	-	16,180	-	152,870
<b>TOTAL ASSETS</b>	<b>\$ 2,114,655</b>	<b>\$ 744,112</b>	<b>\$ 500,859</b>	<b>\$ 43,057</b>	<b>\$ 3,402,683</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 47,400	\$ 31,640	\$ 5,474	\$ -	\$ 84,514
Contracts payable	279,010	-	43,597	8,943	331,550
Payroll deductions and withholdings and employer matching payable	34,105	-	12,073	(6,740)	39,438
Deferred revenue	554,530	232,425	108,834	23,262	919,051
<b>TOTAL LIABILITIES</b>	<b>915,045</b>	<b>264,065</b>	<b>169,978</b>	<b>25,465</b>	<b>1,374,553</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Capital outlay purposes	-	480,047	-	-	480,047
Special education purposes	-	-	330,881	-	330,881
Pension purposes	-	-	-	17,592	17,592
Unassigned	1,199,610	-	-	-	1,199,610
<b>TOTAL FUND BALANCES</b>	<b>1,199,610</b>	<b>480,047</b>	<b>330,881</b>	<b>17,592</b>	<b>2,028,130</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,114,655</b>	<b>\$ 744,112</b>	<b>\$ 500,859</b>	<b>\$ 43,057</b>	<b>\$ 3,402,683</b>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

---

Total Fund Balances - Governmental Funds \$ 2,028,130

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not current financial resources and  
therefore are not reported in the funds. 15,535,982

Long-term liabilities are not due and payable in the current period and therefore are  
not reported in the funds.

Early retirement benefits	\$ 234,253	
Other post-employment benefits	<u>108,576</u>	(342,829)

Assets, such as taxes receivable that are not available to pay for current period  
expenditures, are deferred in the funds.

Taxes receivable	\$ <u>47,648</u>	47,648
------------------	------------------	--------

Internal service funds are used by management to charge the costs of activities, such as  
insurance, to individual funds. The assets and liabilities of internal service funds are  
included in governmental activities in the statement of net assets. 1,427

Net Assets - Governmental Activities \$ 17,270,358

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$1,047,965	\$ 457,626	\$213,989	\$45,750	\$ -	\$ 1,765,330
Prior year's ad valorem taxes	20,813	6,870	3,230	691	-	31,604
Tax deed revenue	221	-	-	-	-	221
Gross receipts taxes	144,427	-	-	-	-	144,427
Penalties and interest on taxes	5,447	1,963	924	198	-	8,532
Earnings on investments and deposits	4,043	783	1,630	64	-	6,520
Cocurricular activities:						
Admissions	36,980	-	-	-	-	36,980
Other pupil activity income	1,344	-	-	-	-	1,344
Other revenue from local sources:						
Rentals	535	-	-	-	-	535
Contributions and donations	14,219	39,258	109	-	-	53,586
Charges for services	21,273	-	49,137	-	-	70,410
Other	47,788	1,710	-	-	-	49,498
Revenue from Intermediate Sources:						
County sources:						
County apportionment	87,258	-	-	-	-	87,258
Revenue from State Sources:						
Grants-in-aid:						
Unrestricted grants-in-aid	2,502,634	-	-	-	-	2,502,634
Restricted grants-in-aid	5,750	-	200,007	-	-	205,757
Revenue from Federal Sources:						
Grants-in-aid:						
Unrestricted grants-in-aid received directly from federal government	33,941	-	-	-	-	33,941
Unrestricted grants-in-aid received from federal government through the state	26	-	-	-	-	26
Restricted grants-in-aid received directly from federal government	40,101	-	-	-	1,283,922	1,324,023
Restricted grants-in-aid received from federal government through the state	564,917	-	156,483	-	-	721,400
Johnson O'Malley funds	7,772	-	-	-	-	7,772
Other federal revenue	3,099	-	-	-	-	3,099
<b>TOTAL REVENUE</b>	<b>4,590,553</b>	<b>508,210</b>	<b>625,509</b>	<b>46,703</b>	<b>1,283,922</b>	<b>7,054,897</b>
<b>EXPENDITURES:</b>						
Instruction:						
Regular programs:						
Elementary	1,010,947	1,315	-	-	-	1,012,262
Middle/Junior high	489,821	3,214	-	-	-	493,035
High school	689,067	8,358	-	-	-	697,425
Other regular programs	59,539	-	-	-	-	59,539
Special programs:						
Programs for special education	-	-	443,363	-	-	443,363
Educationally deprived	225,272	-	-	-	-	225,272

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Capital Projects Fund	Total Governmental Funds
Support Services:						
Pupils:						
Guidance	85,299	-	-	-	-	85,299
Health	3,014	-	-	-	-	3,014
Psychological	-	-	14,400	-	-	14,400
Speech pathology	-	-	115,145	-	-	115,145
Student therapy services	-	-	19,932	-	-	19,932
Instructional staff:						
Improvement of instruction	31,366	-	-	-	-	31,366
Educational media	186,553	27,649	-	-	-	214,202
General administration:						
Board of education	29,398	-	-	-	-	29,398
Executive administration	128,402	-	-	-	-	128,402
School administration:						
Office of the principal	303,514	-	-	-	-	303,514
Other	1,696	-	-	-	-	1,696
Business:						
Fiscal services	119,065	-	-	-	-	119,065
Operation and maintenance of plant	498,231	2,731	-	-	-	500,962
Pupil transportation	22,872	1,462	-	-	-	24,334
Food services	13,182	-	-	-	-	13,182
Special education:						
Administrative costs	-	-	46,490	-	-	46,490
Nonprogrammed Charges:						
Scholarships	300	-	-	-	-	300
Early retirement payments	48,443	-	-	63,000	-	111,443
Debt Services	-	5,533	-	-	-	5,533
Cocurricular Activities:						
Male activities	39,014	2,518	-	-	-	41,532
Female activities	27,689	3,300	-	-	-	30,989
Transportation	43,368	-	-	-	-	43,368
Combined activities	114,850	10,569	-	-	-	125,419
Capital Outlay	-	445,092	-	-	1,283,922	1,729,014
<b>TOTAL EXPENDITURES</b>	<b>4,170,902</b>	<b>511,741</b>	<b>639,330</b>	<b>63,000</b>	<b>1,283,922</b>	<b>6,668,895</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>419,651</b>	<b>(3,531)</b>	<b>(13,821)</b>	<b>(16,297)</b>	<b>-</b>	<b>386,002</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(15,000)	-	-	-	-	(15,000)
Sale of surplus property	372	41,941	-	-	-	42,313
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,628)</b>	<b>41,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,313</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>405,023</b>	<b>38,410</b>	<b>(13,821)</b>	<b>(16,297)</b>	<b>-</b>	<b>413,315</b>
<b>FUND BALANCE - BEGINNING</b>	<b>794,587</b>	<b>441,637</b>	<b>344,702</b>	<b>33,889</b>	<b>-</b>	<b>1,614,815</b>
<b>FUND BALANCE - ENDING</b>	<b>\$1,199,610</b>	<b>\$ 480,047</b>	<b>\$330,881</b>	<b>\$17,592</b>	<b>\$ -</b>	<b>\$ 2,028,130</b>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

---

Net Change in Fund Balances - Total Governmental Funds		\$ 413,315
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		
		1,729,014
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		
		(238,952)
In the statement of activities, gains \$20,463 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$42,313 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		
		(21,850)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.		
Other long-term debt	<u>\$ 5,533</u>	5,533
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		
		(1,625)
Governmental funds recognize expenditures for amounts of early retirement benefits actually paid to employees with current financial resources during the fiscal year. In the statement of activities, expenses for these benefits are recognized when the employees elect to retire early.		
Early retirement	<u>\$ 33,159</u>	33,159
The accrual of OPEB costs are not reflected in the governmental funds, but the statement of activities reflects the change in this liability from one year to the next.		
		<u>45,330</u>
Change in Net Assets of Governmental Activities		<u>\$ 1,963,924</u>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6****BALANCE SHEET  
PROPRIETARY FUNDS  
JUNE 30, 2012**

	<u>Enterprise Funds</u> <u>Food Service</u> <u>Fund</u>	<u>Internal</u> <u>Service Funds</u> <u>Unemployment</u> <u>Fund</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 53,260	\$ 1,427
Accounts receivable, net	14,355	-
Due from federal government	6,670	-
Inventory of supplies	1,765	-
Inventory of stores purchased for resale	10,439	-
Inventory of donated food	<u>2,510</u>	<u>-</u>
Total Current Assets	<u>88,999</u>	<u>1,427</u>
Capital Assets:		
Machinery and equipment	162,395	-
Less: accumulated depreciation	<u>(117,804)</u>	<u>-</u>
Total Noncurrent Assets	<u>44,591</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 133,590</u></b>	<b><u>\$ 1,427</u></b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	\$ 3,346	\$ -
Contracts payable	5,738	-
Payroll deductions and withholdings and employer matching payable	955	-
Deferred revenue	<u>4,634</u>	<u>-</u>
Total Current Liabilities	<u>14,673</u>	<u>-</u>
<b>NET ASSETS:</b>		
Invested in capital assets	44,591	-
Unrestricted net assets	<u>74,326</u>	<u>1,427</u>
<b>TOTAL NET ASSETS</b>	<b><u>118,917</u></b>	<b><u>1,427</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 133,590</u></b>	<b><u>\$ 1,427</u></b>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Enterprise Funds</u> Food Service Fund	<u>Internal Service Funds</u> Unemployment Fund
<b>OPERATING REVENUE:</b>		
Food sales:		
Student	\$ 134,606	\$ -
Adult	16,172	-
Ala carte	34,102	-
Other charges for goods and services	<u>4,858</u>	<u>-</u>
<b>TOTAL OPERATING REVENUE</b>	<u>189,738</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Salaries	125,079	-
Employee benefits	64,036	-
Purchased services	5,881	-
Supplies	12,149	-
Cost of sales - purchased	193,332	-
Cost of sales - donated	27,914	-
Depreciation	<u>5,209</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>433,600</u>	<u>-</u>
<b>OPERATING LOSS</b>	<u>(243,862)</u>	<u>-</u>
<b>NONOPERATING REVENUE:</b>		
State grants	2,736	-
Federal grants	211,485	-
Donated food	<u>24,955</u>	<u>-</u>
<b>TOTAL NONOPERATING REVENUE</b>	<u>239,176</u>	<u>-</u>
<b>LOSS BEFORE TRANSFERS</b>	(4,686)	-
<b>TRANSFERS IN</b>	<u>15,000</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	10,314	-
<b>NET ASSETS - BEGINNING</b>	<u>108,603</u>	<u>1,427</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 118,917</u>	<u>\$ 1,427</u>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Enterprise Funds Food Service Fund	Internal Service Funds Unemployment Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 177,997	\$ -
Other operating cash receipts	4,858	-
Cash payments to employees for services	(188,574)	-
Cash payments to suppliers of goods or services	(211,528)	-
Net cash used by operating activities	(217,247)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers from General Fund	15,000	-
Operating grants	214,999	-
Net cash provided by noncapital financing activities	229,999	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,752	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	40,508	1,427
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 53,260	\$ 1,427
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</u></b>		
<b>OPERATING LOSS</b>	\$ (243,862)	\$ -
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Depreciation expense	5,209	-
Value of donated commodities used	27,914	-
Change in assets and liabilities:		
Accounts receivable	(6,883)	-
Inventories	(1,016)	-
Accounts payable	850	-
Contracts payable	549	-
Payroll deductions and withholdings and employer matching payable	(8)	-
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	\$ (217,247)	\$ -
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Value of commodities received	\$ 24,955	\$ -

The notes to the financial statements are an integral part of this statement.



**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2012**

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 22,166	\$ 22,434
Investments	<u>23,500</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 45,666</u></u>	<u><u>\$ 22,434</u></u>
<b>LIABILITIES:</b>		
Amounts held for others	\$ -	\$ 21,198
Due to General Fund	<u>-</u>	<u>1,236</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>22,434</u>
<b>NET ASSETS:</b>		
Held in trust for scholarships	<u>45,666</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 45,666</u></u>	<u><u>\$ 22,434</u></u>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

---

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
Contributions and donations	\$ 2,610
Earnings on investments and deposits	<u>166</u>
TOTAL ADDITIONS	<u>2,776</u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>3,200</u>
TOTAL DEDUCTIONS	<u>3,200</u>
CHANGE IN NET ASSETS	(424)
NET ASSETS - BEGINNING	<u>46,090</u>
NET ASSETS - ENDING	<u><u>\$ 45,666</u></u>

The notes to the financial statements are an integral part of this statement.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities in the United States of America.

**a. Financial Reporting Entity:**

The reporting entity of Mobridge-Pollock School District No. 62-6 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with six other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

**b. Basis of Presentation:**

**Government-Wide Financial Statements:**

The Statement of Net Assets and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

**Governmental Funds:**

**General Fund** - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Outlay Fund** - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

**Special Education Fund** - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the School District. This fund is financed by grants and property taxes. This is a major fund.

**Pension Fund** - A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the School District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

**Capital Projects Funds** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The Special Building Fund is the only capital projects fund maintained by the School District. This is a major fund.

**Proprietary Funds:**

**Enterprise Funds** - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

**Food Service Fund** - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

**Internal Service Funds** - Internal service funds are used to report activities that provide goods or services to other funds, departments, or agencies of the School District and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds.

The Unemployment Fund is the only internal service fund maintained by the School District.

**Fiduciary Funds:**

Fiduciary funds consist of the following sub-categories and are never considered to be major funds.

**Private-Purpose Trust Funds** - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust fund:

The Scholarship fund is used for the purpose of providing scholarships to students.

**Agency Funds** - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and so on.

**c. Measurement Focus and Basis of Accounting:**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

**Measurement Focus:**

**Government-Wide Financial Statements:**

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

**Fund Financial Statements:**

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

**Basis of Accounting:**

**Government-Wide Financial Statements:**

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

**Fund Financial Statements:**

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2012, are reimbursements for federal program expenditures.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary fund and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

**d. Capital Assets:**

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Financial Statements:**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2012 balance of capital assets for governmental activities includes approximately 19 percent for which the costs were determined by estimates of the original costs. The total June 30, 2012 balance of capital assets for business-type activities includes approximately 12 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by appraisals and deflated current replacement cost.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ -	N/A	N/A
Improvements	\$ 5,000	Straight-line	25 - 50 years
Buildings	\$ 5,000	Straight-line	25 - 150 years
Machinery and Equipment	\$ 5,000	Straight-line	10 - 75 years
Machinery and Equipment, Food Service	\$ 5,000	Straight-line	15 - 30 years

Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

**e. Long-Term Liabilities:**

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of OPEB, a capital lease, and early retirement benefits payable.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

**f. Program Revenues:**

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

**g. Proprietary Funds Revenue and Expense Classifications:**

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

**h. Cash and Cash Equivalents:**

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

**i. Equity Classifications:**

Government-Wide Financial Statements:

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

**j. Application of Net Assets:**

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.



**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 1 - (Continued)**

**k. Fund Balance Classification Policies and Procedures:**

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board, Superintendent or Business Manager.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The School District does not have fund balance amounts in nonspendable form.

The School Board has not committed any portion of the School District's fund balance.

The School District uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property Taxes
Special Education Fund	Grants and Property Taxes
Pension Fund	Property Taxes

**NOTE 2 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

The School District follows the practice of aggregating the cash assets of the General Fund, Capital Outlay Fund, Special Education Fund, Pension Fund, Food Service Fund, Capital Projects Fund, and the Unemployment Fund to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

# **MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2012**

---

### **NOTE 2 - (Continued)**

**Deposits** - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

**Investments** - In general, SDCL 4-5-6 permits school district funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**Credit Risk** - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

As of June 30, 2012, all of the School District's investments were in certificates of deposit.

**Concentration of Credit Risk** - The School District places no limit on the amount that may be invested in any one issuer. Fifty percent of the School District's investments are in certificates of deposit at Campbell County Bank and fifty percent of the School District's investments are in certificates of deposit at Dacotah Bank.

**Interest Rate Risk** - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Assignment of Investment Income** - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment.

### **NOTE 3 - RECEIVABLES AND PAYABLES**

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been determined to be necessary.

### **NOTE 4 - INVENTORY**

Inventory held for consumption is stated at cost. Inventory held for resale is stated at the lower of cost or market. The cost valuation method is first-in, first-out (FIFO). Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements and in the enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

No material inventories were on hand as of June 30, 2012, in the governmental funds.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

**NOTE 6 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2012, is as follows:

**Primary Government**

	<u>Balance 7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2012</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being         depreciated:</b>				
Land	\$ 117,827	\$ -	\$ 450	\$ 117,377
Construction in progress	<u>3,273,872</u>	<u>-</u>	<u>3,273,872</u>	<u>-</u>
<b>Total, not being depreciated</b>	<u>3,391,699</u>	<u>-</u>	<u>3,274,322</u>	<u>117,377</u>
<b>Capital assets, being depreciated:</b>				
Improvements	605,790	63,673	23,661	645,802
Buildings	10,701,838	4,903,074	113,267	15,491,645
Machinery and equipment	<u>1,309,306</u>	<u>36,139</u>	<u>20,570</u>	<u>1,324,875</u>
<b>Total, being depreciated</b>	<u>12,616,934</u>	<u>5,002,886</u>	<u>157,498</u>	<u>17,462,322</u>
<b>Less accumulated depreciation for:</b>				
Improvements	163,109	19,774	23,661	159,222
Buildings	1,020,130	154,737	96,277	1,078,590
Machinery and equipment	<u>757,624</u>	<u>64,441</u>	<u>16,160</u>	<u>805,905</u>
<b>Total accumulated depreciation</b>	<u>1,940,863</u>	<u>238,952</u>	<u>136,098</u>	<u>2,043,717</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 6 - (Continued)**

	<u>Balance</u> <u>7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2012</u>
Total capital assets, being depreciated, net	<u>10,676,071</u>	<u>4,763,934</u>	<u>21,400</u>	<u>15,418,605</u>
Governmental activity capital assets, net	<u>\$ 14,067,770</u>	<u>\$ 4,763,934</u>	<u>\$ 3,295,722</u>	<u>\$ 15,535,982</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities:**

Instruction	\$ 149,853
Support Services	48,105
Cocurricular Activities	<u>40,994</u>

Total depreciation expense-  
governmental activities \$ 238,952

	<u>Balance</u> <u>7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2012</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	<u>\$ 162,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,395</u>
Total, being depreciated	<u>162,395</u>	<u>-</u>	<u>-</u>	<u>162,395</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>112,595</u>	<u>5,209</u>	<u>-</u>	<u>117,804</u>
Total accumulated depreciation	<u>112,595</u>	<u>5,209</u>	<u>-</u>	<u>117,804</u>
Total capital assets, being depreciated, net	<u>49,800</u>	<u>(5,209)</u>	<u>-</u>	<u>44,591</u>
Business-type activity capital assets, net	<u>\$ 49,800</u>	<u>\$ (5,209)</u>	<u>\$ -</u>	<u>\$ 44,591</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 6 - (Continued)**

Depreciation expense was charged to functions as follows:

**Business-Type Activities:**

Food Service	<u>\$ 5,209</u>
--------------	-----------------

**NOTE 7 - RESTRICTED NET ASSETS**

Restricted net assets for the fiscal year ended June 30, 2012, were as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
<b>Major Funds:</b>		
Capital Outlay Purposes	Law	\$ 490,433
Special Education Purposes	Law	335,817
Pension Purposes	Law	<u>18,646</u>
 Total Restricted Net Assets		 <u>\$ 844,896</u>

**NOTE 8 - LONG-TERM LIABILITIES**

A summary of the changes in long-term liabilities for the year ended June 30, 2012, is as follows:

**PRIMARY GOVERNMENT**

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Lease	\$ 5,533	\$ -	\$ 5,533	\$ -	\$ -
Early Retirement Payable	<u>267,412</u>	<u>44,390</u>	<u>77,549</u>	<u>234,253</u>	<u>60,970</u>
 Total Long-Term Liabilities	 <u>\$ 272,945</u>	 <u>\$ 44,390</u>	 <u>\$ 83,082</u>	 <u>\$ 234,253</u>	 <u>\$ 60,970</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 8 - (Continued)**

Liabilities payable at June 30, 2012, are comprised of the following:

**PRIMARY GOVERNMENT**

Governmental Activities:

Early Retirement Payable:

Payable from the Pension Fund                      \$ 234,253

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2012, are as follows:

Annual Requirements to Maturity for Long-Term Debt June 30, 2012	
Year Ending June 30,	Early Retirement Benefits Payable
2013	\$ 60,970
2014	57,226
2015	40,647
2016	25,672
2017	23,532
2018 - 2020	<u>26,206</u>
TOTALS	<u>\$ 234,253</u>

The benefits are calculated based upon undiscounted cash flows at 20% of the current base salary.

**NOTE 9 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2012, were as follows:

	<u>Transfers to:</u>
	<u>Business-Type</u>
	<u>Activities</u>
	<u>Food Service Fund</u>
<u>Transfers from:</u>	
Major Funds:	
General Fund	<u>\$ 15,000</u>

The purpose of the interfund transfers was to transfer federal monies from the General Fund to the Food Service Fund.

# **MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2012**

---

### **NOTE 10 - RETIREMENT PLAN**

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota 57501-1098 or by calling (605)773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2012, 2011 and 2010, were \$178,642, \$189,416, and \$191,923 respectively, equal to the required contributions each year.

### **NOTE 11 - SPECIAL TERMINATION BENEFITS**

The School maintains an early retirement program. Eligible employees at least 55 years of age with 15 years of service to the School District may elect early retirement benefits. The payment will be 20% of the current year's negotiated base salary until reaching the age of 62. For all employees beginning early retirement after July 1, 2008, benefits will be extended to age 65. As of June 30, 2012, the School was paying benefits to ten qualified individuals.

### **NOTE 12 - POSTEMPLOYMENT HEALTHCARE PLAN**

Sanford Health Plan is a single-employer defined benefit healthcare plan administered by the Mobridge-Pollock School District. The Sanford Health Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between district certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

The contribution requirements of plan members and the School District are established and may be amended during the negotiated agreement process between district certified staff and the governing board. A teacher or administrator, who retires from the District on or after the age of 55 and with at least 15 years of consecutive service with the District, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for either single or family coverage. (The pay-as-you-go basis).

The entity's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6****NOTES TO THE FINANCIAL STATEMENTS****JUNE 30, 2012**

---

**NOTE 12 - (Continued)**

Annual Required Contribution (ARC)	\$ 52,546
Interest on net OPEB obligation	3,573
Adjustment to annual required contribution	<u>(5,610)</u>
Annual OPEB Cost	50,509
Contributions made	<u>(51,878)</u>
Increase in net OPEB obligation	(1,369)
Net OPEB obligation - beginning of year	<u>109,945</u>
Net OPEB obligation - end of year	<u>\$ 108,576</u>

The entity's annual OPEB cost data and net OPEB obligation was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 88,073	44.1%	\$ 109,945
2011	\$ 88,110	50.1%	\$ 153,906

As of June 30, 2012, the most recent actuarial valuation date, the plan's statistics were as follows:

Actuarial Accrued Liability	\$445,956
Actuarial Value of Benefit Assets	--
Unfunded Actuarial Accrued Liability	\$445,956
Funded Ratio	0.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the current year actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.25% rate of return and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.1 percent after 45 years. Both rates include a 2 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was 30 years.



# MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

---

### NOTE 13 - JOINT VENTURES

The School District participates in one joint venture known as Northwest Area Schools Multi-District. This is a cooperative service unit formed for the purpose of providing education services in the area of special education, adult education, in-service training and other educational services to the member school districts.

The members of the Northwest Area Schools Multi-District and their relative percentage participation are as follows:

Harding County School District No. 31-1	15.48%
Faith School District No. 46-2	15.48%
Dupree School District No. 64-2	15.48%
Timber Lake School District No. 20-3	15.48%
McLaughlin School District No. 15-2	15.48%
McIntosh School District No. 15-1	15.48%
Mobridge-Pollock School District No. 62-6	7.12%

Northwest Area Schools Multi-District's governing board is composed of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains equity in the net assets and has a responsibility to fund deficits of the Co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Northwest Area Schools Multi-District.

At June 30, 2012, this joint venture had total assets of \$776,532, total liabilities of \$115,465 and net assets of \$661,067.

### NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2012, the School District managed its risks as follows:

#### Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

#### Liability Insurance:

The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**NOTE 14 - (Continued)**

**Workers' Compensation:**

The School District purchases liability insurance for workers compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**Unemployment Benefits:**

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended June 30, 2012, no claims were filed for unemployment benefits. At June 30, 2012, no claims had been filed or were outstanding for unemployment benefits and none are anticipated in the next fiscal year.

**NOTE 15 - LITIGATION**

At June 30, 2012, the School District was not involved in any litigation.

**NOTE 16 - SUBSEQUENT EVENTS**

Management has evaluated whether any subsequent events have occurred through January 23, 2013, the date on which the financial statements were available to be issued. Management has determined there are none.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,050,268	\$ 1,050,268	\$ 1,047,965	\$ (2,303)
Prior year's ad valorem taxes	-	-	20,813	20,813
Tax deed revenue	-	-	221	221
Gross receipts taxes	129,455	129,455	144,427	14,972
Penalties and interest on taxes	4,782	4,782	5,447	665
Earnings on investments and deposits	9,500	9,500	4,043	(5,457)
Cocurricular activities:				
Admissions	31,000	31,000	36,980	5,980
Other pupil activity income	3,500	3,500	1,344	(2,156)
Other revenue from local sources:				
Rentals	600	600	535	(65)
Contributions and donations	-	-	14,219	14,219
Charges for services	35,000	35,000	21,273	(13,727)
Other	48,000	48,000	47,788	(212)
Revenue from Intermediate Sources:				
County sources:				
County apportionment	85,000	85,000	87,258	2,258
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	2,360,861	2,360,861	2,502,634	141,773
Restricted grants-in-aid	-	-	5,750	5,750
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received directly from federal government	35,000	35,000	33,941	(1,059)
Unrestricted grants-in-aid received from federal government through the state	-	-	26	26
Restricted grants-in-aid received directly from federal government	40,419	40,419	40,101	(318)
Restricted grants-in-aid received from federal government through the state	583,651	583,651	564,917	(18,734)
Johnson O'Malley funds	8,505	8,505	7,772	(733)
Other federal revenue	-	-	3,099	3,099
<b>TOTAL REVENUE</b>	<b>4,425,541</b>	<b>4,425,541</b>	<b>4,590,553</b>	<b>165,012</b>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs:				
Elementary	1,085,939	1,148,187	1,010,947	137,240
Middle/Junior high	532,054	532,054	489,821	42,233
High school	744,209	744,209	689,067	55,142
Other regular programs	48,924	48,924	59,539	(10,615)
Special programs:				
Educationally deprived	-	-	225,272	(225,272)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Guidance	84,893	84,893	85,299	(406)
Health	3,500	3,500	3,014	486
Instructional staff:				
Improvement of instruction	52,026	52,026	31,366	20,660
Educational media	185,928	185,928	186,553	(625)
General administration:				
Board of education	46,167	46,167	29,398	16,769
Executive administration	125,160	125,160	128,402	(3,242)
School administration:				
Office of the principal	304,499	304,499	303,514	985
Other	2,000	2,000	1,696	304
Business:				
Fiscal services	117,974	117,974	119,065	(1,091)
Operation and maintenance of plant	465,081	465,081	498,231	(33,150)
Pupil transportation	23,342	23,342	22,872	470
Food services	20,813	20,813	13,182	7,631
Nonprogrammed Charges:				
Scholarships	-	-	300	(300)
Early retirement payments	45,000	45,000	48,443	(3,443)
Cocurricular Activities:				
Male activities	53,009	53,009	39,014	13,995
Female activities	38,550	38,550	27,689	10,861
Transportation	51,111	51,111	43,368	7,743
Combined activities	124,182	124,182	114,850	9,332
Contingencies	15,000	15,000		
Amount transferred		-		15,000
TOTAL EXPENDITURES	4,169,361	4,231,609	4,170,902	60,707
EXCESS OF REVENUE OVER EXPENDITURES	256,180	193,932	419,651	225,719
OTHER FINANCING SOURCES (USES):				
Transfers out	(40,000)	(40,000)	(15,000)	25,000
Sale of surplus property	-	-	372	372
TOTAL OTHER FINANCING SOURCES (USES):	(40,000)	(40,000)	(14,628)	25,372
NET CHANGE IN FUND BALANCES	216,180	153,932	405,023	251,091
FUND BALANCE - BEGINNING	794,587	794,587	794,587	-
FUND BALANCE - ENDING	\$ 1,010,767	\$ 948,519	\$ 1,199,610	\$ 251,091

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 441,186	\$ 441,186	\$ 457,626	\$ 16,440
Prior year's ad valorem taxes	-	-	6,870	6,870
Penalties and interest on taxes	-	-	1,963	1,963
Earnings on investments and deposits	3,000	3,000	783	(2,217)
Other revenue from local sources:				
Contributions and donations	-	-	39,258	39,258
Other	-	-	1,710	1,710
<b>TOTAL REVENUE</b>	<b>444,186</b>	<b>444,186</b>	<b>508,210</b>	<b>64,024</b>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs:				
Elementary	21,667	21,667	1,315	20,352
Middle/Junior high	29,167	29,167	8,534	20,633
High school	6,666	6,666	8,358	(1,692)
Support Services:				
Instructional staff:				
Educational media	36,000	36,000	33,968	2,032
Business:				
Facilities acquisition and construction	400,943	400,943	334,052	66,891
Operation and maintenance of plant	57,332	57,332	79,094	(21,762)
Pupil transportation	42,500	42,500	24,500	18,000
Debt Services	-	-	5,533	(5,533)
Cocurricular Activities:				
Male activities	3,333	3,333	2,518	815
Female activities	1,667	1,667	3,300	(1,633)
Combined activities	12,500	12,500	10,569	1,931
<b>TOTAL EXPENDITURES</b>	<b>611,775</b>	<b>611,775</b>	<b>511,741</b>	<b>100,034</b>
<b>EXCESS OF REVENUE UNDER EXPENDITURES</b>	<b>(167,589)</b>	<b>(167,589)</b>	<b>(3,531)</b>	<b>164,058</b>
<b>OTHER FINANCING SOURCES:</b>				
Sale of surplus property	41,941	41,941	41,941	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>41,941</b>	<b>41,941</b>	<b>41,941</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(125,648)</b>	<b>(125,648)</b>	<b>38,410</b>	<b>164,058</b>
<b>FUND BALANCE - BEGINNING</b>	<b>441,637</b>	<b>441,637</b>	<b>441,637</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 315,989</b>	<b>\$ 315,989</b>	<b>\$ 480,047</b>	<b>\$ 164,058</b>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 205,820	\$ 205,820	\$ 213,989	\$ 8,169
Prior year's ad valorem taxes	-	-	3,230	3,230
Penalties and interest on taxes	-	-	924	924
Earnings on investments and deposits	1,500	1,500	1,630	130
Other revenue from local sources:				
Contributions and donations	-	-	109	109
Charges for services	-	-	49,137	49,137
Revenue from State Sources:				
Grants-in-aid:				
Restricted grants-in-aid	318,924	318,924	200,007	(118,917)
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	203,989	203,989	156,483	(47,506)
<b>TOTAL REVENUE</b>	<u>730,233</u>	<u>730,233</u>	<u>625,509</u>	<u>(104,724)</u>
<b>EXPENDITURES:</b>				
Instruction:				
Special programs:				
Programs for special education	422,007	434,803	443,363	(8,560)
Support Services:				
Pupils:				
Psychological	15,000	15,000	14,400	600
Speech pathology	126,296	126,296	115,145	11,151
Student therapy services	27,500	27,500	19,932	7,568
Special education:				
Administrative costs	46,785	46,785	46,490	295
Transportation costs	1,000	1,000	-	1,000
<b>TOTAL EXPENDITURES</b>	<u>638,588</u>	<u>651,384</u>	<u>639,330</u>	<u>12,054</u>
<b>NET CHANGE IN FUND BALANCES</b>	91,645	78,849	(13,821)	(92,670)
<b>FUND BALANCE - BEGINNING</b>	<u>344,702</u>	<u>344,702</u>	<u>344,702</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 436,347</u>	<u>\$ 423,551</u>	<u>\$ 330,881</u>	<u>\$ (92,670)</u>

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - PENSION FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 43,569	\$ 43,569	\$ 45,750	\$ 2,181
Prior year's ad valorem taxes	-	-	691	691
Penalties and interest on taxes	-	-	198	198
Earning on investments and deposits	-	-	64	64
<b>TOTAL REVENUE</b>	<b>43,569</b>	<b>43,569</b>	<b>46,703</b>	<b>3,134</b>
<b>EXPENDITURES:</b>				
Nonprogrammed Charges:				
Early retirement payments	66,318	66,318	63,000	3,318
<b>TOTAL EXPENDITURES</b>	<b>66,318</b>	<b>66,318</b>	<b>63,000</b>	<b>3,318</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(22,749)</b>	<b>(22,749)</b>	<b>(16,297)</b>	<b>6,452</b>
<b>FUND BALANCE - BEGINNING</b>	<b>33,889</b>	<b>33,889</b>	<b>33,889</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 11,140</b>	<b>\$ 11,140</b>	<b>\$ 17,592</b>	<b>\$ 6,452</b>



**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**  
**SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR**  
**EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET**  
**JUNE 30, 2012**

---

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The School District followed these procedures in establishing the budgetary data reflected in the schedules:

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
11. Budgets for the General Fund and each major Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**NOTE 2 - USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES**

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF FUNDING PROGRESS**  
**JUNE 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (Unit Credit)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2010	-	\$ 545,474	\$ 545,474	0%	n/a	n/a
June 30, 2011	-	\$ 535,175	\$ 535,175	0%	n/a	n/a
June 30, 2012	-	\$ 445,956	\$ 445,956	0%	n/a	n/a

## **SUPPLEMENTARY INFORMATION**

**MOBRIDGE-POLLOCK SCHOOL DISTRICT NO. 62-6**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures 2012
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>		
Pass-through the S.D. Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 27,914
Cash Assistance:		
School Breakfast Program (Note 2)	10.553	42,677
National School Lunch Program (Note 2)	10.555	149,814
Summer Food Service Program for Children	10.559	18,994
Fresh Fruit and Vegetable Program	10.582	<u>12,493</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u><b>251,892</b></u>
<b>U.S. DEPARTMENT OF THE INTERIOR:</b>		
Direct Federal Funding:		
Indian Education - Assistance to Schools (Note 2)	15.130	7,772
Pass-through the S.D. Department of Education:		
Distribution of Receipts to State and Local Governments (Note 2)	15.227	<u>26</u>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>		<u><b>7,798</b></u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>		
Direct Federal Funding:		
Indian Education - Grants to Local Educational Agencies	84.060	40,101
Impact Aid - School Construction Formula Grants, Recovery Act (Note 3)	84.404	1,283,922
Pass-through the S.D. Department of Education:		
Title I, Part A Cluster:		
Title I Grants to Local Educational Agencies	84.010	211,574
Special Education Cluster:		
Special Education - Grants to States (Note 2)	84.027	149,586
Special Education - Preschool Grants	84.173	6,897
School Improvement Grants Cluster:		
School Improvement Grants	84.377	247,913
Rural Education	84.358	8,400
Improving Teacher Quality State Grants	84.367	79,605
College Access Challenge Grant	84.378	837
Education Jobs Fund	84.410	<u>2,870</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u><b>2,031,705</b></u>
<b>GRAND TOTAL</b>		<u><b>\$ 2,291,395</b></u>

---

**NOTE 1:** The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the full accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE 2:** Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**NOTE 3:** This represents a major federal financial assistance program.